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UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Northwest Area Directors' Conference
November 26-30, 1945

Pursuant to a request made by the Manager of the Federal Crop Insurance Corporation, state directors representing ten state crop insurance offices under area director, Mr. Ervin W. Anderson, met in the Washington Office on November 26, 1945, to discuss the various applicable procedures and directives approved by the Corporation and to ascertain whether a uniform and efficient operation is being maintained under their supervision; and further to provide an amiable relationship between the state, branch, and Washington offices.

The following state directors were in attendance:

Henry L. Anderson	Montana State Office
Wendell O. Becraft	Kansas State Office
Willis C. Boegli	Oregon State Office
Archie M. Camp	Washington State Office
Preal George	Utah State Office
Peter J. Kettwig	North Dakota State Office
John P. Mix	Idaho State Office
Burrell J. Monroe	Colorado & Wyoming Offices
James P. Paulsen	South Dakota State Office
L. Ralph Robertson	Nebraska State Office

Also, Mr. Charles B. Holmes, Denver Branch Manager, and Mr. Ernest M. Luther, Field Representative, were present at the meeting.

In order to provide first-hand information relative to the various phases of activity carried on between the state, branch, and Washington offices, it was deemed advisable by Mr. Anderson, Chairman, to consult the chiefs of divisions and heads of sections directly responsible for specific activities controlled in the Washington Office.

Therefore, time was allotted to allow the Manager's Office and each division chief to present information and suggestions to the group meeting, at the same time inviting the directors to offer their suggestions with respect to improving operations.

In the five-day meeting many points were brought to question which were discussed and reviewed to the satisfaction of all those in attendance. In each instance the division chief carrying the discussion invited a personal interview with each director, if the director deemed it necessary, regarding any point in question which may not have been sufficiently covered.

Administrative Accounts - Mr. Glenn W. Sitz of the Administrative Accounts Section was invited to offer his suggestions with respect to the preparation and submission of Standard Forms 1012, Rev., "Voucher for Per Diem and/or Reimbursement of Expenses." This form was thoroughly reviewed, examining in particular those parts pertinent to rural travel.

For convenient and expeditious handling, it was agreed to show the exact hour of departure and the exact hour of arrival together with the speedometer readings in all instances where travel is by private automobile.

in performing official duty. In this connection, the state directors agreed that crop insurance adjusters performing rural travel fully understand the two-mile disallowance to and from their official station.

It was advised to submit travel vouchers at the end of each month and when necessary to indicate reclaims on the current monthly vouchers prepared after the receipt of a suspense memorandum. These reclaims, it was understood, should be fully explained following the completion of the regular monthly voucher. At this point, Mr. James P. Paulsen, South Dakota State Director, suggested that all suspense memoranda be returned through the state director's office in order that the state office may be familiar with these cases, when and if, reclaim is made. The majority of those in attendance agreed with Mr. Paulsen's suggestion, further relating that since the majority of vouchers were prepared in the state director's office from information supplied by the crop insurance adjusters, they further felt it necessary to review such exceptions to determine whether their office had reflected full information in the original voucher submitted. Mr. Sitz related that such a method of routing would be contrary to Corporation policy, but suggested that in the event administrative approval may be obtained to route suspense memoranda to the state offices, his office would cooperate by forwarding a copy of each such suspension for state office use and maintenance.

During the examination and review of Standard Form 1012, Rev., Mr. Peter J. Kettwig, North Dakota State Director, suggested that specimen copies of Standard Forms 1012, Rev., be prepared reflecting the information generally necessary for proper execution of expense vouchers, and such forms furnished the director's office for future guidance. Those in attendance concurred in Mr. Kettwig's suggestion whereupon Mr. Sitz agreed to furnish each director a sample copy.

Mr. Ernest M. Luther, former Acting Director of the Colorado and Wyoming State Office, recommended that mimeographed forms be provided and furnished each state office for use in showing pertinent data to suffice in making collection per Standard Form 1012, Rev., for toll charge expenditures. Mr. Luther stated that such a form could be completed by hotel clerks and telephone operators without undue delay, and by merely attaching the same to the expense voucher would serve to reimburse the traveler without additional explanation.

The above suggestion was readily approved and the Chairman stated that action would be taken to provide adequate forms in the near future.

Another question was presented relative to Federal tax collections on toll charges. It was explained that under a recent ruling, Federal tax charged the traveler for toll charges may be paid when reflected on travel vouchers.

Some time was allotted to cover the necessity of a full explanation for per diem charges where departure and/or arrival is at an unusual hour.

In conclusion, Mr. Sitz briefly covered those points reflecting the greatest interest relative to the preparation of travel vouchers and invited further suggestions and questions along these lines. The Chairman at this point advised that in the event further questions arise before the meeting is closed Mr. Sitz will be only too pleased to offer his services if called upon.

Fiscal Division - Mr. Carl A. Fretts, Chief of the Fiscal Division, was next introduced in order to acquaint the state directors with the functions of that Division. He advised that it would be necessary for each state office to furnish budget estimates for the 1947 fiscal year, July 1, 1947 to June 30, 1948, on or before March 31, 1946.

In compiling this information, he stated that the following data based on an average year should be carefully considered:

1. Estimated number of contracts written
2. Estimated number of acreage reports to be prepared
3. Estimated number of indemnities to be processed

Also, additional costs with respect to communication services, travel and per diem, supplies and equipment, and salaries and wages, including reimbursable detailed employees, should be determined as accurately as possible.

The state directors were advised that a form suitable to reflect the above information will be supplied each state office in sufficient time to allow a careful examination of same before the information is due in the Washington Office.

Mr. C. B. Holmes, Denver Branch Manager, suggested that figures showing amounts transferred to the Agricultural Adjustment Agency by the Corporation to cover expenditures for services rendered in connection with the administration of the program be furnished the state directors for their review. This action was deemed necessary in order to familiarize the directors relative to the cost of the program in the state AAA and county offices.

The above-mentioned figures were furnished by Mr. Fretts to the satisfaction of all those in attendance and various costs were fully discussed. All directors agreed that some county offices are reluctant to give their services to the crop insurance program in fear that such services are not being paid for by the Corporation. In this respect, it was further agreed that the figures furnished could support their efforts in explaining to these counties that sufficient funds have been transferred by the Corporation to the Agricultural Adjustment Agency to fully compensate for a satisfactorily performed program.

Furthermore, Mr. Fretts stated that he intended to request the AAA headquarters office for a breakdown showing how much money of that amount transferred went into each county office and for a breakdown of expense by counties. If this information is furnished by the AAA office, the state directors will be furnished such expenditures relating to their particular state for further use in building a sound and active program.

Personnel Section - Mr. Maurice P. Ward, Head of the Personnel Section, was next called upon to discuss various personnel procedures and policies, at the same time inviting questions in regard to the phases of operation his section performs.

Mr. Ward related that due to the Department's reorganization, now in progress, certain changes relative to personnel activities may be forthcoming. However, since these changes, if any, have not been made known to his office, the meeting should be carried on under the assumption that no changes will be made which may affect present operations.

The necessity for additional personnel to perform added tasks relative to the 1946 programs was discussed. It was pointed out that the Washington Office must approve the necessity for additional assistance aside from that originally set up in establishing the directors' offices. It was recommended that a Grade CAF-3 employee should, if such an employee is in service, be granted the authority to supervise clerks detailed from the AAA office. It was also recommended to discontinue the use of AAA office employees if impracticable. This may necessitate hiring a regular crop insurance employee if a job so warrants. In this connection, it was brought out and definitely understood that the Washington Office must be allowed a reasonable time to grant authority for appointments and in all cases the director's office should be certain of such advice before actually employing. Furthermore, it was fully explained that the act of back-dating appointments is not permissible and may not be allowed.

After the above matters were fully discussed, several questions were presented by those in attendance as follows:

Question - Will the Civil Service Commission allow for further examinations in the near future?

Answer - Yes, it is felt that some action is being taken at this time in this respect. Nothing definite, however, perhaps due to the number of returning veterans with first preference.

Question - Should each state office have a Grade CAF-3 clerk besides the Grade CAF-4 secretary?

Answer - Only if the office can justify the need for same.

Question - Will the AAA State Office accept applications in the future?

Answer - Yes, in cotton, and probably follow through on other commodities.

Question - What should these clerks earn?

Answer - Probably a Grade CAF-5 supervisor will be needed.

Question - Will Form FCI-667, "Statement in Proof of Loss", be audited in the state office in more detail than in the past?

Answer - Yes.

Question - Will a Grade CAF-3 employee be permitted to do this work?

Answer - Yes. (relative to the above question)

Question - Who will handle irregular cases in auditing Forms FCI-12, "Applications"?

Answer - Perhaps a Grade CAF-5 supervisor will be needed in those states considered large "crop insurance states".

At this time Mr. Ward interrupted to explain that suggestions along personnel lines which may tend to provide uniformity between state offices should be furnished the Washington Office by the directors as soon as possible. Mr. Ward stated that some study relative to personnel needs had been made based on premium collections. However, nothing definite in weighing this comparison had been determined thus far.

Question - The Chairman was desirous to know how many crop insurance supervisors may be needed compared with the AAA fieldmen used in a somewhat comparable performance.

Answer - Mr. Wendell O. Becraft, Kansas State Director, gave a very well-accepted reply in that crop insurance supervisors may be used on various continuous operations such as qualifying counties, listing sheet work, contacts with banking associations, assisting in obtaining seeded acreage reports, and obtaining advice on irregular cases, etc.

For the above and other reasons, which will tend to improve the program, it was agreed by the majority that perhaps one supervisor may be able satisfactorily to work 7 or 8 to 12 counties. It was further agreed that personal judgment should be the dominating factor in making this determination.

In regard to the salary limitation for par diem employees (\$648 per calendar year) established under the present form of appointment, the directors unanimously agreed that if an appointment could be worked out so that earning limitations could be avoided, a sounder organization of adjusters could be maintained. Mr. Ward responded to the effect that the directors should offer their reasons for an unlimited salary appointment in writing. He stated that if sound and advantageous suggestions were furnished the Civil Service Commission, a more satisfactory appointment would be offered in all probability.

The directors agreed that the daily wage (\$8.92) was satisfactory for hiring a high-type adjuster. At this point it was advised to control the adjuster's earnings not to exceed the limitation by setting up a salary card and maintaining the same on a current basis. It was related that some irregularities have come to light in this respect---however not in those states served by the Denver Branch Office.

Mr. Joseph L. Phillips, Assistant to Mr. Ward, explained the necessity for avoiding hiring adjusters who may hold elective office. Also, if possible, to refrain from employing in those cases which may cause dual compensation.

Mr. John P. Mix, Idaho State Director, asked Mr. Ward whether it would be necessary to again execute Standard Form 61, "Oath of Office, Affidavit and Declaration of Appointment", for reappointment of crop insurance adjusters. Mr. Ward replied that new forms need only be prepared in those cases involving a break in service.

Mr. Archie M. Camp, Washington State Director, stressed the necessity for having Form AD-202, "Authorization - Travel", amended to include in the itinerary, "travel to adjoining states". Other directors who saw the necessity for such an amendment included Mr. Willis C. Boegli, Oregon State Director, and Mr. Mix. Sound reasons for this change were presented. Mr. Ward replied that it would be necessary to report the necessity for travel to adjoining states in writing. At such time, it was stated, these reports will be reviewed and consideration given the subject matter.

At this point, the use of a set of standards to be followed in appointing state crop insurance supervisors was given some consideration. The meeting was adjourned at 5:30 p.m.

November 27 - A crop insurance staff meeting, which had been previously arranged, was attended by the state directors. After the staff meeting was completed, the directors resumed their meeting and were introduced to Mr. Thomas M. Gachet, Chief of Procedure Division.

Procedure Division - The Chairman deemed it advisable to review the 1946-1947-1948 Wheat and 1946 Flax Regulations at this time. Mr. Gachet was asked to take over the meeting and to point out those changes effective under the new regulations.

All changes made in the 1946 Regulations from the 1945 Regulations were noted and reviewed. These changes were generally agreed to and fully understood.

A question was presented relative to the 10% and 50% Reduction Premium Plan. It was desirable to know whether or not a 10% premium would be effective if an insured qualified for such premium moved from one state to another state. It was advised that the 10% plan follows the insured only in the event the move is made within the county boundaries. It was also advised that an insured qualified for up to 50% reduction would be allowed to carry such reduction on moves within state boundaries. Some in attendance felt that this procedure should be revised to reflect the reverse of this handling. Others felt it would be more satisfactory to allow the 10% as well as the 50% reduction for moves on a state-wide basis.

The Chairman stated that the above question would be given careful consideration.

A major question which concerned all those in attendance and which had frequently been mentioned but not dwelt upon was again brought into the discussion at this time by Mr. Luther who desired to know whether or not the Corporation was contemplating making any changes with respect to the 20% adjustment factor now in effect in those cases where loss settlements are made prior to harvest.

At some time during the proceedings thus far covered, each member present had touched somewhat upon the above subject, expressing some concern, inasmuch as the 20% stipulation had cause for strong resistance in the 1945 and 1946 sales campaigns. Furthermore, this stipulation had been responsible for considerable anxiety among several insureds at the time losses were settled, for it was stated that insureds realized for the first time that such a reduction would be made, since the salesman had failed to mention this particular clause at the time the contract was written.

It was inferred by some directors that the 20% adjustment could be removed without jeopardizing the stability of the program by increasing premium rates. Others felt that since adjusters are now thoroughly schooled in their operations, close and rigid adjustments could be made to compensate for a comparable adjustment. However, after all these suggestions were fully discussed, it was generally agreed that the 20% clause is equitable to both the insured and the Corporation and should be allowed to stand until further findings uncover a more feasible method for adjusting losses which are settled prior to harvest.

Mr. J. Carl Wright, Manager of the Corporation, felt that the 20% adjustment clause may be somewhat clarified by revising procedures and forms so that the applicant may have a better understanding regarding the application of this adjustment.

Mr. William H. Rowe, Chief of the Program Planning Division, offered his assistance with respect to the above by placing on the blackboard a diagram indicating the thinking behind the 20% adjustment, showing the following important reasons for making the 20% determination.

1. 20% is approximately the saving in cost of harvest
2. Provides for a decrease in premium rates
3. Provides an equitable insurance for both the insured and the Corporation
4. Provides an impartial adjustment

In discussing insurable and uninsurable causes of damage, the Chairman brought out that some consideration had been given to eliminating hail and fire coverage from the crop insurance policy for the reason that old-line agencies giving this coverage may be inclined to believe that the Federal Government had to some extent absorbed some of their business. However, one director pointed out that a recent examination of hail and fire insurance companies' records revealed that a growing increase is indicated from year to year since the Federal Crop Insurance Corporation has been in existence. Although the subject was only lightly touched upon, the directors were, in the most part, in opposition to the suggestion, for they felt it would greatly arrest the progress of future programs.

The next step in the progress of this meeting was to review the 1946 County Acreage Report Procedure. Mr. Paulsen felt it necessary to prepare three copies of Form FCI-19; one copy to be held by the applicant, one copy to be maintained in the county office and one copy to be furnished the branch office. Several directors agreed with his contention. However, it was finally decided that perhaps two copies of this form would suffice for this operation; one copy to be held in the county office, and one copy to be mailed to the branch office.

Mr. Paulsen stated that in numerous instances seeded acreage reported by the applicant and furnished the branch office on the acreage reports was subsequently disputed, causing considerable effort and time on his part to correct the situation to the satisfaction of those concerned. Others agreed they had encountered a similar situation. Those who expressed their feelings in this respect agreed that had the county office been able to produce a copy of the acreage report reflecting the acreage reported over the signature of the applicant, no further action would have been necessary. Therefore, the Chairman related that this question would be given further consideration.

It may be said that the above condition has in some instances necessitated the preparation of a photostat copy of Form FCI-19 for return to the state director. However, Mr. Holmes related that these cases have been few and caused but little added work in the branch office.

It was stated by Mr. Holmes that in some instances insureds have advised that acreage reported on the original FCI-19 was reported in error and that they were desirous to report the correct acreage at a very late date. It was

further stated that in past programs to allow this change after the original reported acreage was submitted was entirely contrary to Corporation policy. However, under the 1945 program, this revision in acreage is being granted by the Washington Office if it is felt that sufficient evidence has been presented to warrant the change. It was contended that there are undoubtedly some cases wherein it is evident that the Corporation should allow the change, but to relax to a great extent in this respect may cause numerous revisions in future crop years and could tend to curtail the success of the program.

In order to expedite the processing of Forms FCI-19 and 22, it was suggested by Mr. Luther to make the crop insurance adjusters responsible for the submittance of these forms immediately after seeding. This suggestion was considered very weighty, and it was agreed that if such an arrangement could be made, acreage reports may be furnished the branch office at an early date. The early submittal of these forms would greatly expedite their processing in the branch office, it was stated by Mr. Holmes, and would further eliminate the necessity of preparing considerable correspondence.

The Chairman related that if the above suggestion or a similar procedure could be put into effect, in all probability the handling and processing of Forms FCI-19 and 22 would be expedited which would tend to provide a smoother operation, not only pertaining to these forms, but would also expedite other branch office activities being performed at the peak period. Therefore, the Chairman deemed it advisable to give this matter careful consideration and stated that a plan to work in accordance with this suggestion may be worked out in the near future.

In reviewing the County Acreage Report Procedure, no discrepancies were noted and only minor proposals were offered to become effective perhaps in some future program. Form FCI-19 was examined and the information set forth thereon was considered adequate to obtain the information desired with respect to this phase of operation.

The Chairman at this time advised Mr. Gachet to cover the County Loss Adjustment Procedure. Only those changes effective under the 1946 program were given special attention in this review. Form FCI-667, "Statement in Proof of Loss", was examined, and it was agreed that this form in all probability is more adaptable than Forms FCI-67 used in past programs.

A question was presented relative to the necessity for the adjusters to go into the county office to check the insured's case file before making inspection in the event Form FCI-8 is filed. It was felt that perhaps sufficient information could be supplied on Form FCI-8 furnished the adjuster without the adjuster's spending considerable time together with added expense by calling on the county office for pertinent information necessary to properly make the inspection. It was unanimously agreed, however, that in order to obtain first-hand information regarding any irregularities concerning the case, the case folder should be examined and the case, if deemed advisable, discussed with the county committee.

Mr. Henry L. Anderson, Montana State Director, related that in the State of Montana he has found it necessary to remove the aerial photo maps from the county office in some few instances in order to determine exact field locations when making farm inspections. Although this method of handling may be somewhat contrary to policy, Mr. Anderson stated that he had encountered a

problem in his state due to "new breaking" wherein the use of the aerial photos had greatly increased efficiency in making inspections. It is realized that there is a responsibility to properly care for the maps and, furthermore, instructions have been issued that maps should not be removed from the county offices. However, in extreme cases similar to that presented by Mr. Anderson, the Chairman related that it may be arranged to carry out the maps provided the county committee gives their consent and further provided the adjusters realize their responsibility in the care and protection of these maps. Mr. Paulsen offered a suggestion which was to the effect that he found it entirely satisfactory to use copies traced on onionskin paper over the original photos. Other directors agreed that they likewise found this method very satisfactory.

Mr. Gachet invited the directors to personally call on his office for any added information in the event further questions were uncovered before the meeting was adjourned.

Information and Sales - On the following day, November 28, 1945, the Chairman had arranged to have Mr. Gus F. Geissler, Director of the Western Region, Field Service Branch, meet with the state directors. Mr. Geissler directed his discourse toward close relationship between the AAA offices and the crop insurance offices. He covered the current functions of the AAA offices and what is anticipated in the new calendar year's program. His discussion was very educational and should provide a better understanding with respect to a close tie-in with the functions of the two offices.

After Mr. Geissler had completed his phase of the meeting, Mr. Willard H. Lamphere, Information Director from the AAA office, was called upon to advise the group along advertising and selling lines. Mr. Lamphere expressed the importance of advertising in the selling campaigns by use of pamphlets, newspaper advertisements, posters, etc. He pointed out that, generally speaking, local business firms will be pleased to sponsor the crop insurance ads. He also stressed the importance of posting in the county courthouse a list indicating the county's losses.

An effort by the state director's office to sell the state and county offices on the benefits of the program is considered a predominate factor by Mr. Luther, who also brought out the importance of overcoming the idea of selling only the county's minimum participation. He further related that perhaps too much effort was wasted in those areas where the sales resistance is strong. He believed that the major sales campaign should be carried on in those areas where the program is prosperous, then making a concerted effort in the heavy resistance areas when and if losses occur in those particular counties.

Mr. Boegli called attention to the fact that an undesirable situation presents itself in those counties where perhaps only 10 applications may be sold and due to the lack of participation it becomes necessary to cancel these applications at a later date.

Mr. Holmes suggested that state directors may find it very beneficial to capitalize on information pertaining to good sales agents gathered through various pipe lines and to contact these men for crop insurance salesmen, whether or not these men are known by the county committees. It would be necessary to then contact the county committee for approval of these salesmen.

All the above suggestions and ideas were well-accepted and thoroughly discussed. Mr. Lamphere's views and information were greatly appreciated, and the Chairman expressed many thanks for the services rendered.

Branch Office Activities - Mr. Holmes, who had been in attendance for the full program, was called upon to advise the directors relative to branch office activities. He explained that the branch office is a service institution established to perform service to the satisfaction of the state directors' offices. He related that blame, if any, for inferior operation was not necessarily pointed at field services, for a great deal of responsibility lies in properly constructed procedures and directives. In his discourse he made the following recommendations:

- (1) To stagger the maturity dates in order to provide a spread period in the branch office for maturing Forms FCI-22.
- (2) To print the following or a similar citation on Form FCI-574-A, "To be held in county office". (Such a citation should to some extent eliminate the transmittal of this form to the branch office when unnecessary.)
- (3) To provide a plan to eliminate the routing of sight drafts through the state office inasmuch as it is understood that at this time the state office does not record any information therefrom (to eliminate duplicate deductions).
- (4) For state directors to place orders for supplies at the earliest possible date.

Mr. Holmes advised that Forms FCI-574, "Certificate of Indemnity", submitted to the branch office are now paid within 48 hours after receipt in the branch office. He further advised that refunds of overpayments of premiums will be made in approximately 30 days. He also stated that photostat copies of Forms FCI-603, "Listing Sheet", will be returned to the state offices in the very near future.

Mr. Anderson, the Chairman, interrupted to inquire relative to the quality of Forms FCI-567, "Statement in Proof of Loss", compared with other crop years. Mr. Holmes stated that perhaps the execution of these forms is as good or somewhat better compared to past programs.

Mr. L. Ralph Robertson, Nebraska State Director, asked whether it was absolutely necessary for an adjuster to date Form FCI-567. This question was answered in the affirmative. In this connection, the necessity for showing consecutive dates on statements in proof of loss was brought into the discussion. Also, a question was presented as to where Form FCI-567 should be executed. It was agreed that this form should be completely filled out in the presence of the insured, if possible, in order to provide the insured with a full understanding of the representations provided therein. It was further agreed that this form should be executed showing consecutive dates.

A question was presented by Mr. Preal George, Utah State Director, with respect to the amount of information that should be shown on Form FCI-567 regarding the date of damage. It was explained by Mr. George that this date is especially irregular on damage caused by weeds. Mr. Holmes reported that the time of damage indicated may be well-spread over the insurance period.

A further question was presented by Mr. Luther and Mr. Burrell J. Monroe, Colorado State Director, with respect to the necessity of a memorandum of explanation on claims approved after the insurance period, October 31, 1945. The Regulations were reviewed, and it was ascertained that claims submitted to the branch office dated on or after November 1, 1945, should be accomplished by a statement setting out those facts pertinent to the delay in submitting such claims.

It was suggested by Mr. Luther to supply each adjuster with a small amount of blank Forms FCI-574 in order to show the insureds what they will receive as a certificate of indemnity.

The Chairman at this point asked the directors if they fully approved Form FCI-574 now prescribed by the Corporation. It was agreed that this form is entirely satisfactory.

Mr. Holmes continued by pointing out the necessity for complete information relative to irregular cases. It was agreed by the directors to furnish all of the information available when submitting such cases to the branch office.

The directors reported in the affirmative when asked whether pay rolls and bonds are handled by the branch office in an expeditious and satisfactory manner.

The branch manager closed his comments by assuring the directors that the branch office strives to render prompt service at all times. He advised the directors to report discrepancies and irregularities when noted in order that the branch office may take corrective action immediately.

Program Planning - After Mr. Holmes completed his portion of the program, the Chairman continued by inviting Mr. Rowe to explain briefly the history and progress of other commodity programs. Mr. Rowe gave a brief explanation of cotton contracts, then went into the similarities between the wheat and cotton programs. He also covered briefly the tobacco and corn insurance programs and then proceeded to explain the research and progress made towards establishing a potato crop insurance program.

The question was presented by Mr. Becraft relative to the feasibility of per cent or proportionate insurance for high-risk areas. Mr. Rowe stated that this subject has been given some consideration and study.

Survey and Review Division

At this stage of the meeting, the Chairman deemed it advisable to invite Mr. E. D. Berkaw, Chief of the Survey and Review Division, to give a brief history of the plans and purpose of that Division.

Mr. Berkaw pointed out that the purpose and object of the Survey and Review Division, which has been in operation since the establishment of the program, was primarily to make periodic surveys of the Corporation's branch offices, with the responsibility to ascertain whether the applicable and approved procedures were followed and whether efficient operations were maintained.

Likewise, surveys performed in the directors' offices are made for a similar purpose. In no event are the surveys made from a critical viewpoint.

Furthermore, the survey and review unit assists insofar as possible in setting up uniform operations among the several offices. It was further stated that the information furnished the Manager by this contact would be fully discussed by the auditor making the survey with the director before leaving the state office.

In addition to checking the state office records, the Survey and Review Division is interested in uncovering any irregularities in procedures between the state, branch, and Washington offices. It was further stated that if any irregularities were noted in the operations between the three offices mentioned above, every effort would be exercised to correct the situation at the earliest possible date.

Inasmuch as the directors in attendance have had at least one survey performed in their respective offices, Mr. Berkaw inquired relative to the lapse in time which should be allowed between visits. Mr. Becraft expressed a desire for 6-month periodic audits. Mr. Camp stated that more visits should be made in the future than in the past, and perhaps more time should be allowed for visits to the state offices. The Chairman at this point advised that the management's intentions are to make more frequent visits, explaining that it has been impossible to call on the state offices as often as desired due to a lack of personnel in these extremely busy times. However, he further advised that veterans returning to their previous assignments with the Corporation will lighten the administrative work load and allow for more frequent personal contacts.

Mr. Berkaw, who is also Acting Chief of the Administrative Division, arranged to have Mr. Charles R. Kerlin, Head of Supplies and Equipment Section, in attendance to advise on questions pertaining to the service of supplies.

It was agreed by the directors that requests for supplies from the branch office have, in the most part, been filled in a timely manner.

A question was raised whether it was necessary to account for the use of franked envelopes used in the state office. It was explained that the accounting for envelopes used by the director's office is maintained at the branch office level.

There was mentioned the need for a supply of rubber stamps for state office use. Mr. Kerlin advised that the following stamps would be made up for use in the director's office. (1) Branch office address stamp (2) Wash. address stamp (3) State office return address stamp (4) Block-out stamp (to block out the printed return address on the old stock of envelopes which have been supplied). It was also made known that several briefcases are in stock which may be furnished the directors upon request.

The directors were advised to furnish the need for additional space allowance in case this problem may not be satisfactorily worked out with the AAA State Committee, in order that this problem may be taken up with the proper authorities of the Washington AAA Office. Mr. Anderson questioned whether telephone and mail service are adequate to supply the needs in the directors' offices. Only minor questions and suggestions were offered in this respect. The meeting was adjourned at 5:30 p.m.

Actuarial Division - On the following day, November 29, Mr. Colby, Chief of the Actuarial and Analysis Division, was invited to take over the general discussion pertaining to operations carried on under his supervision. Mr. Colby was assisted by Mr. Raymond E. Morehead.

An outline of items for discussion was furnished each director, and each subject shown thereon was reviewed and discussed in the order presented. Also, a farm classification sheet, prepared from the 1946 Wheat Listing Sheets (preliminary), set up by states showing the total number of farms; broken down to show the total number of farms having widely-separated parts, widely-varying tracts, high-risk farms, and noninsurable farms, was furnished each director and proved an interesting and educational review.

The first topic covered under the outline for discussion pertained to the adjuster's report (confidential).

Mr. Kettwig related that the above-mentioned form was received too late by his office to be used extensively in the 1945^{loss} adjustment program but agreed that the form had its place in the procedure. He suggested that in his opinion the form may be improved by adding an additional box under Item 9 to provide for the adjective "very good". This suggestion was approved. Mr. Luther saw the necessity for adding the insured's name on this form to suffice for support in establishing a moral risk. Mr. Henry L. Anderson related that this is particularly necessary in the State of Montana. Mr. Luther added that high moral risks, in his opinion, should be declared noninsurable. It was suggested that an interrogation should be printed on the form similar to the following: "Is the applicant a good moral risk?" Mr. Colby at this time agreed to have the insured's name shown on the form.

Mr. Rowe asked whether it would be feasible to cancel a 3-year contract on a moral risk after the first year's insurance. It was unanimously agreed to make the cancelation if such evidence is at hand. The Chairman related that if authority has not been granted the branch office to cancel this type of case, the branch office should be so advised.

Another question which was presented as to when, and in what type of case, should a contract be limited to 50% insurance. Mr. Camp responded to the satisfaction of those in attendance stating that in some few cases he has found this necessary in "the great State of Washington" where the yield and rate were established under good farming practices but the present operator has failed to conform to high farming standards.

It was also agreed that the adjuster's report form should provide additional space for further comment.

In the event the above-mentioned form does not accompany the Statement in Proof of Loss, it was agreed that the adjusters should be notified; however, the loss form should not be suspended.

It was determined advisable by Mr. Luther to plat the numerous counties at sometime in the near future showing the farm yields thereon in order to provide a review and study of same by those concerned. Mr. Colby considered this an important suggestion which deserves additional consideration. The discussion then led to county check yields and rates, 1946 Wheat and Flax

Listing Sheet Procedure and trial insurance programs. Considerable time was allotted to these subjects.

Mr. Morehead advised the directors that the 1946 flax listing sheets should be disturbed as little as possible. He further advised that county check yields and rates will be released in the near future, perhaps soon after December 10.

The subject of wheat relistings was fully covered when a question was presented regarding the advisability of relisting in the near future. The cost of this work was discussed in detail setting a rough estimate at a million dollars to accomplish the assignment. The majority of directors agreed not to revise the 1946 listing sheets but to allow for justifiable corrections in the 1947 procedure.

At the time relistings are begun, it was suggested to proceed cautiously by starting a few relistings at a time in those counties fully capable and ready to relist. It was unanimously agreed that a county where the listing sheets are in bad order should start relisting as soon as practicable. In other counties, perhaps some corrections should be made by using compensating adjustments, avoiding the necessity of refactoring and, at the same time, avoiding changes of less than one bushel.

Mr. Colby closed his discussion by stating that he regretted the fact that his division's personnel had been unable to get to the field more often. Mr. Anderson interrupted to explain that with the assistance of returning veterans, more frequent visits are anticipated in the future. Mr. Becraft felt these visits especially worthwhile in order to take up those extraordinary problems confronting the state office. Mr. Kettwig added that he would appreciate assistance at this time due to the various phases of work which require his attention and which do not allow ample time to care for some detail in actuarial work. All those in attendance agreed that such assistance would be greatly appreciated. The meeting was adjourned at 5:30 p.m.

Commodity Pricing - The meeting was convened on the following day, November 30, and Mr. F. W. McNamee, Marketing Specialist, was introduced in order to familiarize ^{those present} relative to the operations carried on in establishing commodity prices used by the Corporation for collecting premiums and paying indemnities. An outline of functions was furnished each director for convenience in this review.

Mr. McNamee explained that, generally speaking, the pricing methods used by the Corporation were established on the basis of the normal movement of grain. The average county differential, he continued, plus the normal marketing cost between the farm and trading floor are what constitute our different price differentials. He also mentioned the fact that the 3% transportation tax is given consideration in the establishment of prices at the trading points which are referred to by the Corporation as "basic markets".

Price differentials are furnished the branch, state, and county offices, he continued. To determine the price of wheat in any specific county, the current quotation listed on the price cards sent out ^{by} state offices minus the price differential in the possession of the county offices will give the price to be used in computing cash equivalent of premium collections. In those instances in which more than one price and more than one price differential

is given for any one specific county, the price and price differential to be used are those which will reflect the ^{highest} price to the county. This same method is used by the branch offices in computing the cash equivalent of premiums and indemnities.

Mr. McNamee went on to point out that prices are established for flax in a very similar manner with the exception that instead of using the same basic markets, as were set up for wheat, basic markets had to be established at those points at which crushing facilities were available.

With respect to the states in which an experimental corn crop insurance program is in effect, it is hoped that a similar pricing method will be worked out. However, due to the fact that the flow of corn varies from year to year, it is desired that the three states involved will watch the price situation in the experimental counties in order that any discrepancies may be called to the attention of the Washington Office.

Mr. Luther presented a question as to whether it is desired to have the state directors report on prices issued by the Corporation which are entirely out of line with local prices. Mr. McNamee replied that such information is very desirable.

Mr. Boegli and Mr. Camp stated that in their states considerable criticism had been noted due to settlements having been made on a price somewhat lower than local price quotations. This condition exists in the far Northwest, it was explained, due to the lapse in time necessary to assemble information for price quotations.

The feasibility of using a flat rate may be experimented in Western Colorado at some future date due to an intricacy which at the present makes it necessary to establish a purely local price.

Mr. Becraft inquired of Mr. Holmes whether counties served by the Denver Branch Office have offered any complaints relative to the receipt of late price cards. Mr. Holmes replied that no complaints have been registered recently. However, it was stated that mail service to some points in Southwest Texas requires 5 days for delivery.

The Chairman remarked that in order to provide efficient operations, perhaps some, if not all, counties should be furnished the price changes by means of wire service. He stated that this question would be given immediate consideration. He further stated that the branch office in the future should be advised of the maturity prices at least one day prior to the maturity dates.

Mr. Holmes requested that an explanation be submitted to the branch office in all instances where the prices furnished the branch office reflect any extraordinary changes.

Mr. McNamee continued by remarking that the insured crops involved are subject to price regulations by the OPA and that in establishing prices care must be taken not to overstep the OPA regulations. For this reason, prices established under our present method may not reflect the prices received locally.

Any comments or questions either at this time or in the future were invited by Mr. McNamee in closing his phase of the program.

The Chairman continued the meeting by inviting plans and suggestions for improvements in future programs. He was especially desirous of sound ideas on the new corn program.

Mr. Boegli suggested that an outline indicating what is required for information on experimental crops be furnished the directors. It was generally agreed that the directors should determine the interest in their territory, the need for experimental insurance, and the coverage which may be obtained, and report this information to the Washington Office. It was also desired to know whether there should be any major changes in the 1946 insurance programs. All in attendance agreed that there should be no material changes.

The subject relative to a national crop insurance conference was next discussed. Many suggestions were offered in this respect. The Chairman summarized the offerings, stating that plans are being drawn up to hold either a regional or national conference, national preferred, shortly after the first of January 1946 to cover specifically the selling phase of the program.

After expressing sincere appreciation for the time and effort extended by the directors in attending the meeting, the Chairman invited Mr. Wright to offer a few words in closing.

Mr. Wright praised the field operations, acknowledging his appreciation for the genuine and vigorous support discharged by the state directors. He emphasized the necessity for frequent meetings, pointing out an educational value by acquainting the directors with the problems confronting the several offices. He further related that more frequent meetings are planned in the future.

In closing, Mr. Wright stressed the importance of close cooperation and efficient operation.

The Chairman adjourned the extremely successful and educational program at the close of a week-long meeting.

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